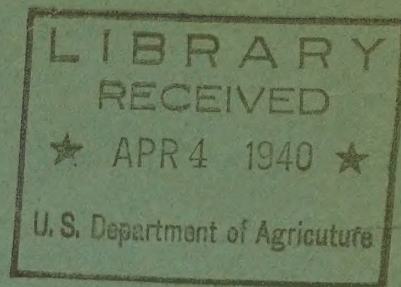


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U.S. FARM SECURITY ADMINISTRATION. Reg. I.

Loan processing and servicing guide for
RR field offices.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Dear

The Farm Security Administration is considering the advisability of making a loan to Mr.

This Administration is set up to assist farm families in need of supervised and financed farm and home management services, who are unable to obtain adequate financing from other sources. A loan is made on the basis of a plan and agreement made with the farm family. It is essential that borrowers be willing to assume the obligations and self-help necessary to effect their rehabilitation. They must show evidence of acceptable industry, ability, and managerial capacity to profit from farm and home management guidance and instructions.

You have been recommended to us as a reference. Will you please reply on the reverse side of this sheet. The enclosed self-addressed envelope requires no postage. The information you give will be of real assistance to us and will be treated in strict confidence.

Yours very truly,

Enc. (1)

U. S. DEPT. OF AGRICULTURE
FARM SECURITY ADMINISTRATION
REGION I

LOAN PROCESSING AND SERVICING GUIDE
FOR RR FIELD OFFICES

This outline is intended to serve as a guide for field office personnel in the making and servicing of Rehabilitation Loans. The material is presented in considerable detail in order that the purposes and procedure for each step may be clearly understood. Official instructions covering the making and servicing of loans are in the hands of field personnel. The Loan Processing and Servicing Guide suggests orderly methods for carrying out these instructions.

Parts of this suggested procedure may not be applicable in all cases. However, a systematic approach to the problem of investigating applications, developing loan dockets, expending loan funds, obtaining security, and servicing loans, will result in increased production, at the same time definitely improving the quality of work done. It also tends to eliminate many of the technical, legal, and other difficulties encountered when such activities are conducted without definite organization and system.

Region I

Washington, D. C.

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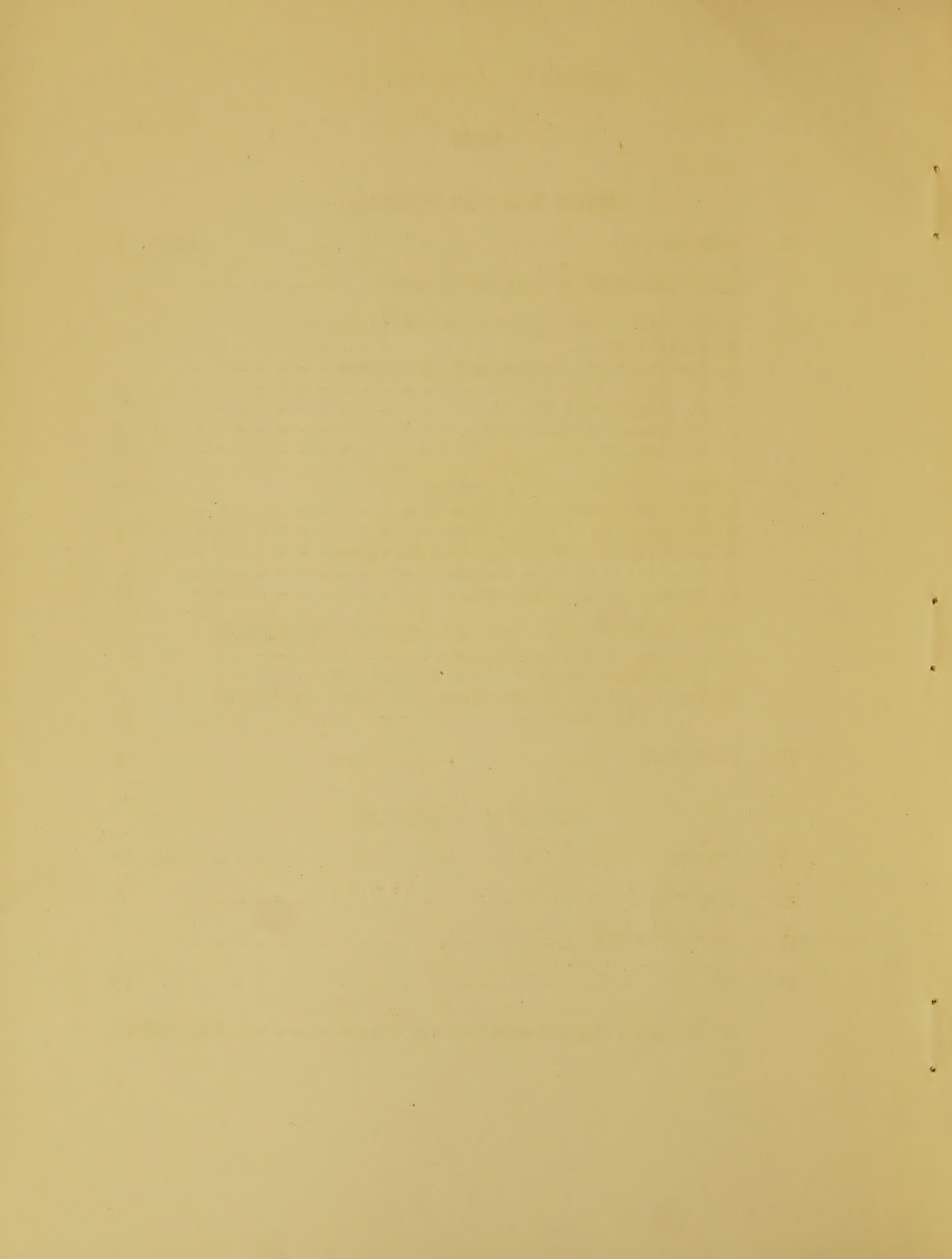
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SECTION I

LOAN PROCESSING

I. PURPOSE:

The following outline is intended to serve as a guide to county supervisors in the handling of loan applications from the time the application is made to the time the check is received, funds disbursed, and security obtained.

II. MAJOR DIVISIONS IN LOAN PROCESSING:

A. Investigation and Approval of Applications.

B. Development of Loan Dockets.

C. Expenditure of Loan Funds, and Obtaining of Security

It is felt that each application should be handled in the order of the above divisions. This permits a logical step-by-step development of the case. It provides definite "cut-off" points at which a decision can be made as to the advisability of continuing further with a particular application. It also eliminates the need for "back tracking" to obtain necessary information which must be known in order to develop a loan in a sound and logical manner.

III. INVESTIGATION AND APPROVAL OF APPLICATIONS:

A. Definition:

For the purposes of this outline, an applicant will be considered as having filed formal application when he has executed and forwarded to the county office, a Form FSA-RR 12, "Application for Rehabilitation".

B. Interview and Explanation of Program:

The handling of applicants up to the time of filing formal applications will vary in county offices. All offices should, however, so conduct this part of their program as to insure the applicant having full information as to the FSA program prior to the time he files formal application. This information may be presented to applicants either individually or in groups. Suggested procedures for this step in the development of applications are as follows:

Upon his initial call at the county office, the applicant should first be briefly questioned as to his occupation, background, and needs. Any individual connected with the county

- III. B. office should be able to carry out this first step and, on the basis of information obtained, determine more or less accurately whether or not the applicant is eligible. If the applicant appears to be ineligible (he is an industrialist, has no farm background, is eligible for a bank or FCA loan), or if he is making application for a loan for purposes other than those authorized under the FSA regulations, he should be so informed and proper explanation given. If he appears to be eligible, he should be acquainted with the program and permitted to file formal application in accordance with one of the two methods outlined below:

1. Group Method:

The group method of explaining the FSA program should be used to the fullest extent; i.e.: wherever practicable the county supervisor should hold periodic meetings at which the FSA program is explained in detail to groups of applicants. Each applicant should, during his initial call, be informed as to the time, place and purpose of the next scheduled meeting and advised to attend this meeting provided he desires to make formal application for an FSA loan. In most cases it will be advisable to provide the applicant with a copy of Form RI-RR-224, "The Rural Rehabilitation Program", during this initial call and to request him to take the form home, read it over carefully prior to the meeting and list any questions he may have, so they may be answered at the meeting. At these group meetings the County Supervisor, District Supervisor, Home Supervisor, or other FSA employee qualified to properly explain the FSA program and answer questions raised by applicants, should carry on a full, detailed discussion of the RR program in such manner as to inform all applicants present of the principles, policies and procedures under which the FSA program operates. Form RI-RR-224, "The Rural Rehabilitation Program" or some similar outline which will serve as a guide to topics to be discussed should be used so as to avoid the possibility of overlooking important subjects. Subsequent to or concurrent with this discussion, applicants should be given an opportunity to discuss questions which they may have in regard to the program.

Those who then wish to make formal application for an FSA loan should be provided with a copy of Form FSA RR 12, "Application for Rehabilitation". This should be filled out in detail by the applicant either at home or before leaving the meeting, and forwarded to or left with the county supervisor.

2. Individual Method:

Whenever it is found impracticable to use the group method, the program will be explained to each applicant individually at the time of his initial call. The applicant should be presented with a copy of Form RI-RR-224, "The Rural Rehabilitation Program" and told to study it over carefully and to ask for further information on any points which are not clear. As soon as this has been done and his questions answered, the applicant should, provided he desires to make formal application, be given a copy of Form FSA RR 12, "Application for Rehabilitation". He should be instructed to fill out this form in detail (either at the office or at his home) and leave or forward it to the county office for further action.

C. Processing Applications:

As soon as formal application has been received, the county office should set up a single folder, properly labeled with the applicant's name and address. In addition an Area Guide card, should be filled out as to name, address, area, date of filing and source of application. The applicant's folder, together with all information available, will then be placed on the county supervisor's desk for review.

1. If the county supervisor, upon review of the docket, determines the applicant to be ineligible, he will direct a personal letter to the applicant, setting forth clearly the reasons for his decision. The application card will be completed through the proper steps of item 1 on the card and filed in the "Closed and Rejected" section of the Client Follow-up card file. The applicant's folder will then be filed in the "Closed and Rejected" section of the regular case files.
2. If the county supervisor determines the applicant to be eligible, he will proceed as follows:
 - a. The county stenographer will be directed to forward Form RI-RR-5, "Request for Information from References", to each individual listed on Form FSA RR 12. The application card will be completed through the proper steps of item 1 on the card, a signal of the proper color placed in position 1 to designate the area in which the applicant is located and the card filed in the "Applications Pending" section of the Client Follow-up card file. The applicant's folder will be filed in the "Applications Pending" section of the regular case files.

Loan Processing

- C. 2. b. When Form RI-RR-5, "Request for Information from References" is returned, it will be filed in the applicant's folder. During this period the county supervisor will make such personal investigation as seems advisable. This should, wherever possible, include a call at the applicant's home for inspection of the farm and home activities, as well as the farm itself. The county supervisor should make notes of his reactions during such visits so that this information may be made a part of the case file. As soon as sufficient forms are received from references and personal investigation is completed, the applicant's folder and all available information should be presented to the County Advisory Committee.
- c. If the Committee rejects the application, Form PSA RR-65, "Notice of Rejection of Application", will be mailed to the applicant. The application card will be completed through item 1 and proper steps of item 2 on the card, and the card and folder filed in the "Closed and Rejected" sections of the appropriate files.
- d. If the Committee approves the application, the application card will be completed through item 1 and the proper steps of item 2, the signal moved to position 2 and the card filed in the "Applications Pending" section of the client follow-up card file. The applicant's folder will be returned to the "Applications Pending" section of the regular files.
- e. Completion of Farm and Home plans may, like the explanation of the program, be carried out by either the "group" or the "individual" method. Regardless of the method used, the county supervisor should so plan his program of development as to permit the full cooperation of the Home Supervisor in the completion of the farm and home plans. If the "individual" method of development is used, appointments should be made to conform with the days on which the Home Supervisor can be available to assist in completion of the plans. If the "group" method is used, meetings should be so scheduled as to permit prior development of the home plan. (It may be possible to develop home plans in group meetings along with the farm plans in some cases. When this is so, the prior development of home plans is not essential, but the Home Supervisor should make a preliminary call to the home of the applicant prior to the time of the group meeting.) Suggested steps preparatory to the actual development of farm and home plans are as follows:

III. 2. e. (1) Group Method:

In using this method it is essential that the county supervisor make a call at the farm of the applicant prior to the time set for the group meeting. This call should permit a thorough inspection of all livestock, tools and machinery. Form RI-RR-225, "Inventory of Farm Property" should be checked against these items for accuracy as to listing, descriptions, and appraisals. The farm should be carefully inspected as to soil resources, buildings, and other items essential to the carrying on of the applicant's program. Notes should be made as to proper cropping programs to assist in the later development of the farm plan. This visit should be conducted in such a manner as to provide the supervisor with the necessary information to enable him to properly assist the applicant in the development of a sound farming program. (Usually it will be advisable to leave a blank farm plan with the applicant, instructing him fully as to the tables and columns he is to fill out prior to the group meeting.)

Upon completion of the farm visit as outlined above, the case will be ready for development of a farm and home plan on a group basis.

A check of cards with signals in the 2nd position will provide a list of the applications in readiness for farm plan development. A date and a place for the group meeting should then be set, and proper notice given to those who are to attend. The date of the meeting will be entered in item 3 of the application card of each applicant so notified.

(2) Individual Method:

If this method is used, a call to the farm of the applicant prior to the time of developing the farm and home plan is not essential. A date should be set for the call to the applicant's farm and the applicant notified through use of Form RI-RR-226, "Notice of Appointment". The date of the meeting will be entered in item 3 of the application card.

During the visit to the applicant's farm for farm plan development, all livestock, tools,

- III. C. 2. e. (2) machinery, and other items listed on Form RI-RR-225, "Farm Inventory Sheet" should be checked for accuracy and completeness as to description and appraisal value. The actual farm program will be developed on the farm, after a thorough inspection of the farm in regards to soil resources, possible cropping plans, available buildings, etc.

D. Regular Actions:

Upon completion of all of the activities outlined above, sufficient information should be available to permit the development of an accurate farm and home plan. Many cases, however, will require additional action during some phase of investigation and development. Such actions should be carried out at the earliest possible time consistent with the orderly development of the case so an accurate picture of the applicant's situation can be presented when the farm and home plan is prepared. These activities may be in regard to such items as:

1. Debt Adjustment:

If the application indicates a need for Debt Adjustment, proper steps should be taken to complete this activity prior to the time the farm and home plan is developed. This will permit the presentation of the actual debt situation (as adjusted) in the plan. "Creditors Agreements" must be obtained. Scale-downs on actual amounts of obligations, as well as reduced interest rates and extension of repayment periods, will materially assist in the rehabilitation of the borrower. Whether or not FSA funds are being used to refinance existing obligations, debt adjustment must be given special attention. Even though a creditor's security may, on the basis of fair appraisal, equal in value the amount of the obligation being refinanced, it should be pointed out to him that forced sale involves actual expense and the possibility of items selling below their actual value.

2. Lease Arrangements:

If difficulties are encountered in regard to proper lease arrangements or soil resources, special attention should be given to this activity as soon as the problem develops. If the outline has been followed in regard to development of the application, it will have been determined that the applicant is worthy of aid prior to the time he is requested to obtain a lease. Thus, provided suitable lease arrangements and/or soil resources

- III. D. 2. are not readily available to the applicant, it will be profitable to spend what time is available to assist him in obtaining these items. This cannot always be done satisfactorily, but results will be obtained in some cases. These results may prove to be the determining factors in the rehabilitation of the borrower.
3. Mortgages which have been paid in full, but not released from record.
4. Physical conditions in family which need attention.
5. Proper provision for housing and care of livestock necessary in the anticipated farm program.
6. Adjustment or cancellation of land purchase contracts.

Numerous cases arise where applicants are purchasing farms on contracts which provide repayment schedules impossible for the applicant to meet, while maintaining a fair standard of living and repaying other debts. These contracts should be adjusted to reasonable terms when possible. Other cases may warrant relinquishment of the contract and a new start on a leased farm.

7. Possibility of obtaining additional income through the use or operation of community and cooperative services.

IV. DEVELOPMENT OF THE LOAN DOCKET:

A. Completion of the Farm and Home Plan:

Upon completion of all activities outlined in Part III, sufficient information will be available to permit completion of the Farm and Home plan on the basis of accurate sources of information. This holds true whether the "group" or "individual" method is used. The plan should be worked out on a sound and practicable basis, giving particular attention to:

1. The development of a crop program which will:
- a. Provide a maximum of home grown feeds for livestock.
 - b. Provide a maximum of home grown foods for family use.
 - c. Provide cash crops to supplement livestock and miscellaneous farm income.
 - d. Permit the application of soil conservation principles through crop rotation, erosion control, etc.

- IV. A. 2. The development of a livestock program which fits the family and the farm, and which:
- a. Provides a maximum of livestock and livestock products for family use.
 - b. Permits consumption of all possible feed and grain crops on the farm as an aid to soil conservation.
 - c. Provides a source of income throughout the year to meet family and farm expenses and to supplement crop and other income.
3. The development of a sound farm program which fits the background of the applicant and which can be carried out by him and his family, and which is based upon:
- a. Fair estimates of yields to be obtained on the farm.
 - b. Fair estimates of prices to be obtained for produce sold.
 - c. Reasonable estimates of farm and home income and expenses.

The development of a sound, practical farm and home plan, based on actual facts will serve to bring out the factors in an individual's program which need adjustment. In making these adjustments it must be kept in mind that their purpose is to strengthen the individual's program, not to further substantiate his request for a loan, and that he must fully understand and agree to the carrying out of this revised program.

- 4. If for any reason it is impossible to develop a balanced farm and home plan during any of the steps previously outlined, the applicant should be so informed and action taken to remedy the particular situation.
- 5. If it is impossible to remedy the situation, or if for any other reason it is decided at this time or any future time to reject the loan application, the applicant should be so informed, and written and specific reasons made a part of the case record. This information will be of considerable value in the event of any future action on the case.

B. Preparation of the Loan Agreement:

As soon as the Farm and Home Management Plan has been completed, a Loan Agreement should be completed in all detail, setting forth the full amount of the loan, the goods to be purchased, and the repayment schedule. In setting up the

- IV. B. repayment schedule, consideration should be given to the payment of other debts of the borrower out of his farm income. By preparing the Loan Agreement with the applicant following the preparation of the Farm and Home Plan, the amounts and dates of the repayments can be definitely based on the farm income. The applicant will better appreciate the value of the plan and will understand when and how he is to make his repayments.

C. Completion of Forms Already Initiated.

Special attention will also be given to the completion of forms previously executed by the applicant - Application, Farm Inventory Sheet, etc. In cases where the "individual" method is used, the Farm Inventory Sheet should be checked against livestock and machinery as to descriptions and value in order that an accurate transfer may later be made to the Mortgage and the Farm Account book.

NOTE: The applicant and his wife should both take active part whenever practicable in activities outlined. The success of the program depends upon the participation and cooperation of the entire family

D. Completion of the Loan Docket:

1. If the previous steps have been satisfactorily completed, the remainder of the docket may be prepared in the county office. All forms required should be completed, typed, and checked to prevent error. The docket then should be held for signatures.
2. At the time of obtaining signatures, the various forms should be so explained to the applicant and his wife as to insure their having full knowledge of the obligations they assume.
3. The full docket will, upon completion, be held for review by the District Supervisor. Signal will be moved to third position. The case folder will be placed in the "Applications Pending" section of the case file. The application card will be completed through item 3 and the signal moved to the 4th position when docket is sent to the Regional Office.

E. Receipt of Loan Approval:

Upon receipt of loan approval and the loan check, the applicant will be so notified through personal letter or Form RI-RR-227, "Notice of Loan Approval". The application card will be completed through item 4 and the signal moved to the 5th position. (When Method I or III as outlined in Part V C is to be used in the closing of the loan, strike out the last sentence of the first paragraph of Form RI-RR-227

V. EXPENDITURE OF LOAN FUNDS AND OBTAINING OF SECURITY:

A. Placing of responsibility:

The importance of the proper expenditure of Loan funds and the filing of security cannot be over-emphasized. A systematic approach to this phase of the program places the responsibility on the borrower rather than on the county supervisor, which will serve to overcome the major difficulties encountered. The steps and methods outlined below are intended as a guide for county offices. The method best suited to each individual case for expending loan funds and obtaining proper security should be used for that case. The county supervisor must at all times bear in mind that he is fully responsible for the proper expenditure of loan funds and the taking of security, and that this must be done within a reasonable time limit.

B. Preliminary Steps to Loan Expenditure:

When the borrower and his wife call at the county office on the date set by Form RI-RR-227, "Notice of Loan Approval", or a personal letter, the matters described below should be given special attention:

NOTE: At this time, the county supervisor should make sure of the following: (1) That the borrower and his wife are fully acquainted with the Farm Record Book, and have the beginning inventories properly set up; (2) That, they understand the FSA Loan Fund Purchase procedure and requirements; (3) That, the insurance and security requirements are agreeable; (4) That, the borrower and his wife fully understand that they are expected to procure partial releases prior to sale of any property mortgaged to the FSA; (5) That, the borrower and his wife fully understand that the FSA expects them, before taking any action, to discuss in detail with the county supervisor any financial, health, or farming program changes, (purchasing new property, giving second mortgages, decreasing the number of livestock, etc.)

1. The check should be properly endorsed.
2. Bank Deposit Agreements executed.
3. The check deposited in the designated Bank.

Cases may arise where a member of the county office staff will not be able to accompany borrowers to the Bank. In such a case the endorsement may be restricted by typing or writing in above the borrower's signature.

- V. B. 3. the following: "For Deposit Only in accordance with the terms of the attached Deposit Agreement."
4. Form FSA RR 188, "Statement of Deposits and Withdrawals", executed.
5. "Memorandum of Client's Account", Form FSA RR 187, prepared.

C. Three Methods of Expending Loan Funds and Obtaining Security:

Following are three suggested methods of expending Loan Funds and obtaining security. The county supervisor should determine, before cashing the check, which of these methods is best suited to each case, and have it well understood by the client so it will be carried out exactly as outlined:

1. METHOD "I"

This method will eliminate many of the troubles now experienced in properly closing cases and should be used wherever practicable. Experience has proven that contrary to common belief this method will not cause hardship on any party and will avoid delay.

- a. At the time the check is deposited, the county office will deliver to the borrower the following forms, properly filled in as to the name of the client and the item to be purchased:

- (1) A statement showing goods to be purchased for each item shown on the reverse of the Loan Agreement, excepting horses, cows, brood sows, or refinancing items. (This permits the purchase of feed and seed from two or more vendors.)
- (2) Form RI-RR-228, "Statement of Livestock Purchased", for each horse, cow, or brood sow to be purchased. (Bills of Sale may be used in preference to this form wherever advisable).

- b. The borrower will then be instructed to proceed with the locating of all goods and to, in all cases possible, make arrangement for purchase by having the "Statement of Goods Purchased" completed and signed by the vendor. He will be further instructed to return the purchase forms as they are completed, either in person or by mail. These forms will be held for payment until such time as all purchase arrangements (or at least all recoverable purchases) are completed.

- c. As soon as all purchase arrangements are completed, the borrower and his wife will be instructed to call at the county office for completion of the security instruments and the payment of the vendors. Statements of all purchases will be available as evidence of the purpose for which funds are being expended and should provide adequate descriptions of all recoverable goods purchased. (The county supervisor will have provided for his personal inspection of the items purchased at some prior time best suited to his and the case's circumstances.) The "Farm Inventory Sheet" will provide descriptions of other property to be included in the mortgage.
- d. Utilizing the Statement of Livestock Purchased and the Farm Inventory Sheet with notations made at the time the property was inspected, a chattel mortgage will be completed, covering all purchases and all items listed as additional security. (The mortgage should be prepared prior to the borrower's visit, as all information will be available.)
- e. At the time of the borrower's visit the mortgage will be signed, the Abstract re-certified or the Certification of Search completed, and the security instruments filed.
- f. After completing the above, payments on all purchases will be made. Notations as to check number, date, and amount, will be made on the Statements of Purchase. (Checks will be made payable to the individual vendors and mailed or delivered to them either by the borrower or the county supervisor.)
- g. Form FSA'RR 188, "Statement of Deposits and Withdrawals", will be completed.
- h. If insurance has not been obtained prior to this time, proper steps will be taken for its procurement, (Insurance should be explained at the time of the borrower's call to deposit the check, and obtained in all possible cases prior to payment being made on purchases.) The record books should also be inspected for proper entry of inventories, etc. Any other items peculiar to the individual case will be checked or completed at this time.
- i. After completion of the previous steps, the case will be fully set up as an Active Standard Loan. The case folder will be moved to the "Active Clients" Section of the case file; the application card completed through item 5; the signal removed;

- V. C. 1. i. and the Area guide card filled in as to name, address, case number, area, and map number. This card will then be placed in the "Active Clients" section of the Area Follow-up File. A signal will be placed in proper position to indicate any activity scheduled at that time.
- j. Necessary security documents will be mailed to the regional office.

2. METHOD "II"

This method is suggested for those few cases where Method "I" will not fit due to difficulty in locating or making purchases and where the borrower is in such circumstances that extreme caution should be exercised to prevent loss of security.

- a. As soon as the check is deposited and "Statements of Purchase" prepared, a mortgage will be filed on all property owned by the borrower.
- b. The borrower will be permitted to proceed with purchases, and payment on items purchased will be made as soon as the "Statement of Purchase" is presented. This procedure will permit the borrower to obtain at least essential items as he proceeds, without waiting until all purchases are made.
- c. As soon as all purchases are completed and payments made, other items as listed in Method "I" will be completed, a second mortgage filed covering all purchases and all other property owned.
- d. Subsequent procedure will be as in Method "I" except that when security documents are submitted to the regional office, the first mortgage taken will be submitted with a notation attached requesting the Regional Office to issue a "Satisfaction" and forward it to the county office for removal of the mortgage from record.

3. METHOD "III"

This method is recommended in the exceptional case where it is impracticable and where circumstances are such that the precautions in Method "II" need not be exercised. This procedure varies from Method "I" in the following items:

- a. Payments on purchases will not be withheld until all purchases are made and security filed. Each individual Statement of Purchase will be paid as presented.

- V. C. 3. b. As soon as all recoverable items are purchased and payments made, a mortgage will be executed and filed.

NOTE: In carrying out purchases as outlined in this method, the county supervisor must bear in mind that expenditures are being made prior to obtaining security. While only a small percentage of cases may cause difficulty if this method is followed, those that do cause trouble are usually of such serious nature that considerable time and expense are involved in their solution. Thus, this system should be used only when neither Method "I" or "II" is practicable.

FLOW CHARTOn Investigation of Loan Applications; Development
of Loan Dockets; Execution of Security Papers

PROCESSING STEPS:	Steno.	Supv.	Client	Spouse
A. Investigation of Application:				
1. Makes initial call at county office -----			X	
2. Briefly interviews applicant -----	X	*		
3. Explains program to applicant:				
a. Individual method (with descriptive letter)	X	*		
b. Group method -----		X		
4. Discusses questions with applicant -----	X	X		
5. Fills out "Application" and "Application for Investigation" -----			X	X
6. Sets up application card and folder -----	X			
7. Reviews application -----		X		
a. Ineligible - Forwards personal letter ----		X		
b. Eligible - Forwards "Request for Informa- tion from References" -----	X			
8. Files reference information as received -----	X			
9. Completes personal investigation and possible farm inspection -----		X		
10. Presents application to Committee -----		X		
a. Rejected: Forwards Form FSA-RR-65 -----		X		
11. Completes and Returns Lease, Abstract, In- ventory and Farm Living Schedule -----			X	X
12. Completes actions - prior to Farm Plan Development				
a. Group method:				
Farm inspection and checking of inventory -		X		
Notice to applicant to attend group meet- ing -----	X			
b. Individual method:				
Forwards "Notice of Appointment" -----	X			
* County Supervisor when advisable				
B. Development of Loan Docket:				
		*		
1. Develops Farm and Home Plan -----	X		X	X
2. Completes Loan Agreement -----	X		X	X
3. Checks for accuracy and completeness in all forms previously executed -----		X		

PROCESSING STEPS:

	Steno.	Supv.	Client	Spouse
B. 4. Completes appraisals of mortgaged property in refinance cases -----		X	X	
5. Completes Loan Docket -----	X			
6. Checks Docket for accuracy and completeness ---	X			
7. Signs Loan papers -----		X	X	X
8. Docket held for review by District Supervisor -				
9. Receives "Notice of Action" -----		X		
a. Rejected - Forwards personal letter or corrects Docket -----		X		
b. Approved - Forwards "Notice of Approval" ---	X			
10. Partially prepares "Statement of Goods Purchased" and "Statement of Livestock Purchased" -----	X			
a. Completes mortgage insofar as possible (Method II) -----	X			
11. Makes all possible preliminary purchase arrangements -----			X	
(* Home Supervisor also if Home Plan not completed previously)				
C. Execution of Securing Papers:				
1. Calls at county office -----			X	
2. Completes: "Deposit Agreement", "Statement of Deposits and Withdrawals", deposits check	X		X	
3. Method II Only:				
a. Completes execution of Mortgage -----	X			
b. Searches records for liens since date of Abstract -----	X			
c. Files Mortgage -----	X			
4. Starts Record Book -----	X		X	X
5. Explains purchase procedure, insurance * requirements -----	X			
6. Provides client with "Statement of Goods purchased" and "Statement of Livestock Purchased" -----	X			
7. Completes Purchases, obtains insurance -----			X	
8. Makes necessary inspection of purchases -----		X		
9. Calls to complete expenditure actions -----			X	X
10. Inspects statements of purchase -----	X			
11. Makes out checks, enters payment information on Statements of Purchase -----	X			
12. Completes Mortgage -----	X		X	X

Loan Processing

PROCESSING STEPS:

- | | Steno. | Supv. | Client | Spouse |
|--|--------|-------|--------|--------|
| C. 13. Files Mortgage, has Abstract Recertified ----- | | | X | |
| 14. Signs checks for purchases ----- | | X | X | |
| 15. Forwards checks to Vendors ----- | X | | | |
| 16. Inspects Record Books, Insurance, etc. ----- | X | X | | |
| 17. Explains Releases, other items ----- | X | X | | |
| 18. Completes and forwards Security Docket ----- | X | | | |
| 19. Sets up new case folder, follow-up card ----- | X | | | |
| 20. Transfers "Application Folder" to "Field
Folder" file ----- | X | | | |

* If necessary

SECTION II

AREA MAP

I. PURPOSE:

The Area Map is intended for use in connection with the Client Field Folder and Area Follow-up Cards. It differs from maps previously established in most counties only in that it breaks the county up into areas, and identifies the borrowers within each area by number. The map is broken into areas in order to:

- A. Facilitate the locating of clients - the search for borrowers is localized in each area on the map.
- B. Arrange borrowers into related groups for field servicing in connection with the area follow-up card file as outlined in Section III of this Guide.

Attached hereto is a sample area map and index. The following outline is intended to serve as a guide to the setting up of this type of map.

II. SIZE OF MAP:

The size of map used will vary according to case loads. An average or light (125 or less) case load can be spotted on a letter size county road map without crowding. The index can also be arranged on one sheet, as on the attached sample. Letter size county road maps can be obtained from State Highway Departments provided such are not available at local County Road Commission offices.

In counties with heavy case loads, it has been found advisable to use larger maps to avoid crowding. This type of map may be folded into the folder, or cut into areas and stapled into the folder, one area above the other.

III. SETTING UP THE MAP:

- A. The map should first be divided into areas. Area outlines will vary from county to county. The main consideration is to divide the case load into fairly equal groups which permit field calls being made within a group on the most economical basis possible. The sample map is divided into areas on what seems to be the most practicable basis - equal groups of townships. Particular attention should be paid to roads when breaking the map into areas.
- B. Borrowers should be spotted within each area, and assigned numbers in sequence. (County supervisors will, in most cases, be able to spot clients from memory or maps available.

- III. B. Mortgages should be used for location of cases where position is uncertain)
- C. As clients are spotted on the map, they should be listed on the index in the proper area. Alphabetical arrangement of present cases is advisable. However, new cases and cases moving from one area into another, should be given the next unused number within the new area. The township may be listed opposite the client's name, to further facilitate the locating of the client.

IV. USE:

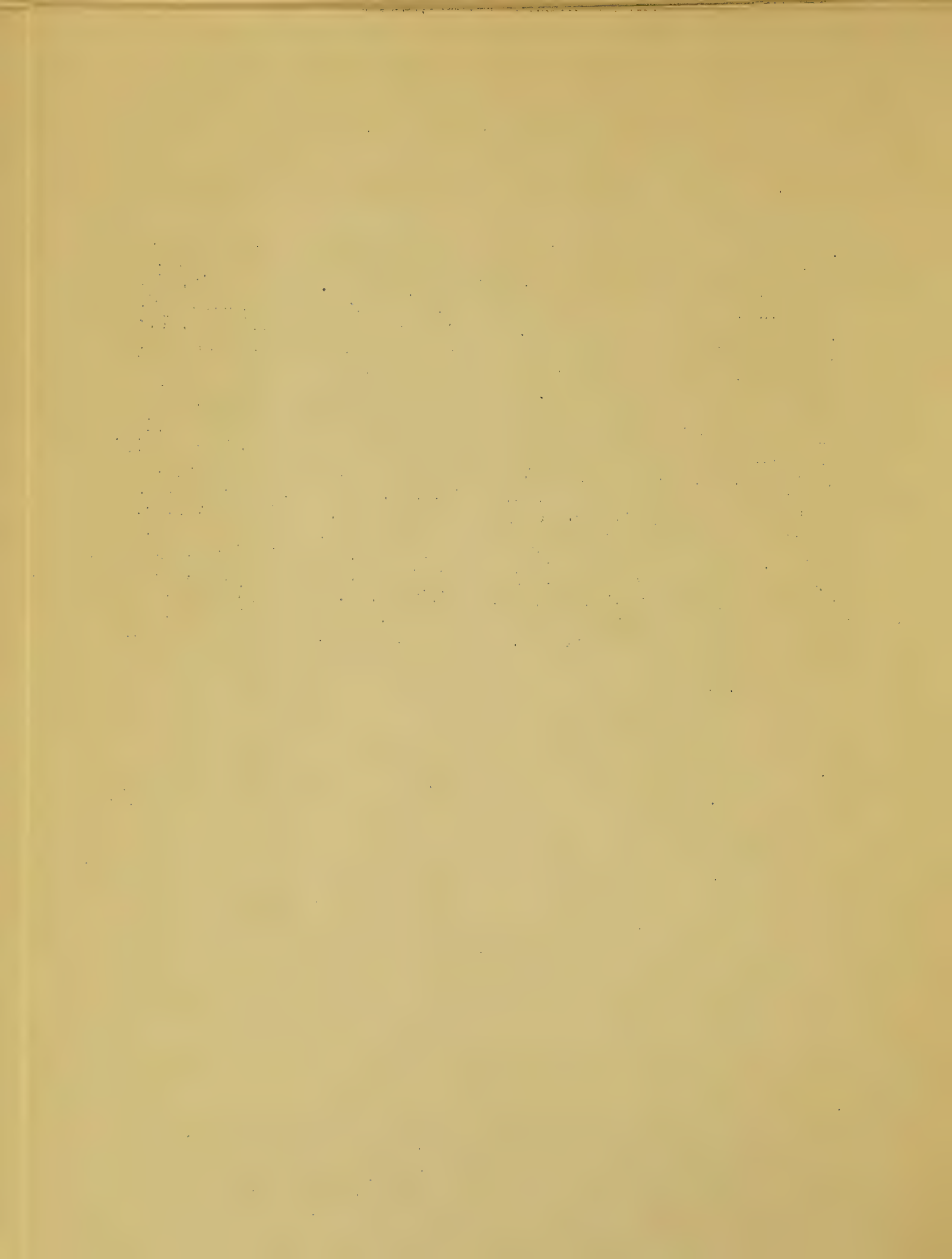
The area map should be carried into the field for reference during all field trips. Its full use will enable the supervisor to better plan supervision and servicing trips. It will also enable the supervisor to continue calls in any given area provided the original plans for the trip become impractical; i.e.: a trip is planned for a day's work in one area; 3 or 4 clients are not at home and thus the original schedule does not permit a full day's work. The map and index make it possible to readily identify other nearby clients, thus enabling the traveler to perform a full day's work while in that particular area. Proper use of the area map should serve to cut down the time and expense of travel, and permit more adequate servicing of more loans and better supervision of a greater number of borrowers than heretofore.

AREA MAP INDEX - INGHAM COUNTY

AREA 1	AREA 2	AREA 3	AREA 4
1.Acker, K.G.	1.Adams, R.N.	1.Anderson, D.	1.Armstrong, N.
2.Beck, W.H.	2.Brokkola, W.H.	2.Bowman, I.N.	2.Boyd, F.M.
3.Buxton, L.W.	3.Chamberlain, E. K.	3.Clark, W.L.	3.Corbin, M.M.
4.Cox, A.W.	4.Crosby, F.G.	4.Crosby, I.L.	4.Curry, D.G.
5.Deal, K.J.	5.Dixon, F.W.	5.Doneth, Vernon	5.Dorman, L.E.
6.Edmonds, G.C.	6.Farley, H.C.	6.Freed, O.F.	6.Gates, Harold
7.Gordon, D.W.	7.Hendershot, G.C.	7.Hooper, J.C.	7.Hoopfer, O.W.
8.Hamm, S.E.	8.Iford, N.W.	8.Kenney, J.C.	8.Kirk, W.A.
9.Kuhn, G.W.	9.Lowing, R.H.	9.McCormack, M.E.	9.McDurnan, J.
10.McKellar, L.D.	10.Markle, A.D.	10.Marsa, L.A.	10.Meyer, W.I.
11.Minert, W.A.	11.Moran, L.B.	11.Parmelee, W.R.	11.Pemberton, T.P.
12.Peterson, M.A.	12.Peterson, W.A.	12.Phelps, W.B.	12.Potter, F.O.
13.Reilly, W.	13.Reynolds, W.R.	13.Ries, R.W.	13.Sarazin, G.A.
14.Schaeffer, L.W.	14.Seidel, C.S.	14.Shaw, B.L.	14.Shepich, F.J.
15.Smith, C.E.	15.Steinacher, W.J.	15.Wagner, J.W.	15.Warner, J.B.
16.Wells, A.J.	16.Wilk, J.C.	16.Woodman, F.G.	16.Young, M.E.
17.Audrain, R.M.	17.Braamse, B.L.	17.Gierman, E.R.	17.Ivens, J.H.
18.Nahikian, S.M.	18.O'Malley, P.S.	18.Small, L.H.	18.Iverson, Eli
19.Mork, E.C.	19.Ahlin, E.L.	19.Kurz, Elmer	19.Severud, K.S.
20.Squires, E.P.	20.Coles, C.C.	20.Johnson, E.L.	20.Carlson, B.H.
21.Eng, F.T.	21.	21.Brown, H.A.	21.
22.LeMon, G.W.	22.	22.	22.
23.	23.	23.	23.
24.	24.	24.	24.
25.	25.	25.	25.
26.	26.	26.	26.
27.	27.	27.	27.
28.	28.	28.	28.
29.	29.	29.	29.
30.	30.	30.	30.
31.	31.	31.	31.
32.	32.	32.	32.
33.	33.	33.	33.
34.	34.	34.	34.
35.	35.	35.	35.

NOTE:

List present clients in alphabetical order by areas. As new clients are added, or as present clients move into a new area, assign the next area number to them on the map and index. Cross out name of client in old area index when he moves, and erase his number in old area from map.



(Sample)

COUNTY ROAD MAP - INGHAM COUNTY

AREA 1 - BLUE		AREA 2 - RED	
1. 5. 13. 15.	3. 4. 2. 21. 16.	3. 5. 15. 4. 14.	6. 11 13. 12.
20. 22. 14. 7. 6. 8. 9.	10. 11. 17. 19. 18. 12.	17. 16. 8. 10. 9. 20.	1. 7. 2. 18. 19.
3. 11. 9. 16. 1.	2. 10. 17. 19. 20. 6.	17. 18. 5. 15. 1. 9.	19. 2. 8. 11.
8. 12. 15. 18. 13. 4.	7. 5. 14.	14. 15. 6. 10. 13.	20. 21. 7. 12. 13.
AREA 4 - PINK		AREA 3 - GREEN	

COUNTY ROAD MAPS OUTLINE ALL COUNTY ROADS. CLIENTS SHOULD BE LOCATED ON PROPER ROADS BY DOTS, AS ABOVE, WITH MAP NUMBER ADJACENT. THIS PERMITS ACCURATE LOCATION OF CLIENTS AS TO SECTIONS AND ROADS.

SECTION III

AREA FOLLOW-UP

I. PURPOSE:

The following outline will serve as a guide for RR field offices in setting up and using the Client Area Follow-up File. Although its use may vary in minor details between counties, it is intended to operate uniformly with respect to all major servicing activities, in every county office.

II. GENERAL:

The Area Follow-up File is an "organizer" and "reminder" to be used by all field office personnel in connection with loan servicing activities. The use of the file, in connection with an Area Map and Client Field Folder, serves to organize servicing activities by identifying clients as to related geographical groups. By means of signalling, various servicing activities are classified as to their general character and urgency, as well as to the source of responsibility for completion of the activity indicated. The file at all times serves as a reminder of incomplete actions, and as a source of general information on the extent and frequency of various types of servicing, maturity dates of notes, insurance, etc.

III. ARRANGEMENT OF FILE:

The file when set up will contain the following major divisions:

"A"	Applications <u>Pending</u>	This section will contain applicants' cards (Area guide card) for all pending applications, arranged in alphabetical order. Area signals will be placed on all cards in this section.
-----	--------------------------------	---

"B"	Clients- <u>Active</u>	This section will contain follow-up cards (Area guide cards) arranged in alphabetical order, for all accepted loan clients being serviced by the office. Area signals will be placed on all cards in this section.
-----	---------------------------	--

In those counties where annual crop loans are made the application side will be used for supplemental loans as well as for applications pending. The Supplemental loans will be filed behind a separate file in active cases, such file to be called "1940 Supplemental Loans".

- III. "C" Rejected-Closed This section will contain the cards (Area guide cards) for all future cases rejected or closed. (Do not use area signals)
- "D" Inactive This section will contain the cards (Area guide cards) for all cases of this type.
- "E" January to December Breakdown This will include all necessary reports as well as the monthly breakdown of inactive cases to be serviced in a given month where the information warrents.
- "F" Reports Will include all regular ten-day reports and all current reports to be made in any given month. (May be filed first or last)

NOTE: File Divisions, A to F, will be designated by 5 x 8 file dividers, (center or right tab preferably), properly labeled to show each division; i.e.: "A-Applications Pending", "B-Clients-Active", etc.

Cards in divisions A and B will be alphabetically divided through the use of 5 x 8 alphabetical guide cards.

IV. AREA CARDS AND SIGNALS:

A. Applicant Card, (Area Guide Card)

Signal positions appearing in the top margin of this card are described as follows:

- Position 1: Investigation in process.
- Position 2: Client to return inventory, lease, abstract, etc.
- Position 3: Review by District Supervisor.
- Position 4: Loan docket in Regional Office.
- Position 5: Funds to be expended and security executed.

B. Follow-up Card, (Area Guide Card)

Signal positions appearing in the top margin of this card are described as follows:

- Position A: No servicing in process.
- Position B: Office Follow-up (on client, Regional Office, District Office or others by correspondence).
- Position C: Routine Field call.
- Position D: Urgent Field call.

IV. B. NOTE: Positions "B" and "D" of the Area Follow-up card are divided into five subdivisions, numbering from 1 to 5 as follows:

	1	2	3	4	5		1	2	3	4	5
A	B					C	D				
NAME _____											
ADDRESS _____											

The placing of a signal over subdivision 1 of "B" or "D" indicates that the action must be carried out prior to or by the end of the first week of the month. Placing the signal over "3" indicates that the action must be carried out prior to or by the end of the third week of the month. Example:

The month of April contains weeks as follows:

S	M	T	W	T	F	S	
						1	- 1st week
2	3	4	5	6	7	8	- 2nd week
9	10	11	12	13	14	15	- 3rd week
16	17	18	19	20	21	22	- 4th week
23	24	25	26	27	28	29	- 5th week
30							

The weeks of each month are numbered by numbering the Saturdays of that month. The first Saturday is number 1, and the calendar week of which that Saturday is a part, is the first week of the month. Likewise, the second Saturday indicates the end of the second week of the month, etc. An action to be carried out during the first week of a month, is indicated by placing the signal over subdivision "1" on the card, in either "B" or "D" position. For example: An action is initiated which must be completed by the 18th of April, and which involves a call at the farm of the client. To insure this action being carried out by the time set as a final date, the call should be made sometime during the third week of April (the week of the 10th to 15th). The signal would be placed over the "3" subdivision of position "D". Thus any time prior to or during the third week of April, the signal in position "D" serves as a reminder of the action, and its location over subdivision "3" indicates that the action must be completed prior to or during the third week of April. If the action involved only office follow-up (correspondence) the signal would have been set over the "3".

IV. B. NOTE: subdivision of position "B". In either type of action, the signal serves as a reminder prior to the actual deadline and thus permits correspondence or farm call to be initiated before the action assumes an emergency status.

C. Color Arrangement of Area Signals:

Each area set-up on the Area Map will have a specific color prescribed for it, and for the "application" and "follow-up" card signals used in connection with the clients located therein. In all county offices, the following color-code will be used:

- Area 1: Blue Signals
- Area 2: Light Red Signals
- Area 3: Pink Signals
- Area 4: Light Green Signals
- Area 5: Yellow Signals
- Area 6: Black Signals
- Area 7: Dark Green Signals
- Area 8: Dark Red Signals

NOTE: The determination of area lines, and the number of areas in use, are the responsibility of the District and County offices. Six colors are provided for area signals to meet the maximum possible needs of any county office. Four colors will suffice in most offices. See Section II, "Area Map".

V. OPERATION OF FILE:

A. Responsibility for Operation:

The operation of the area follow-up card file should be the responsibility of the county stenographer or clerk. Whenever an action is initiated or completed she must make appropriate entry on the card and move the signal to the proper position. Wherever possible this should be done from original source material, such as letters or forms bearing brief notations of the intended or completed action.

B. Setting Up the File:

1. "Applications Pending"

"Applicant Card", should be made out, signalled, and filed for all applications accepted after this date. Do not attempt to go back and prepare cards for applications completed. The signals and signal positions to be used in connection with the "applications pending" section of the

- V. B. 1. file are described above in paragraph IV-A, entitled "Area Cards and Signals"; and the entries to be made in connection with the steps outlined on the card are described in detail in Section I, "Loan Processing".
2. "Clients-Active":
- a. As soon as possible, Area Follow-up Cards should be made up for all active loan cases in a current servicing status. This will give the county office the immediate benefit of the area follow-up file in those cases requiring attention and consideration at the present time. These cards should be signalled according to the current status of the case, and in accordance with the outline above, in paragraph IV-B, entitled "Area Cards and Signals", using appropriately colored signals for the respective areas.
- b. As soon as possible thereafter, cards will be prepared for all remaining loan cases in order that they may have the benefit of follow-up on all routine servicing, such as farm visits, etc., thus the work of the entire county office staff can be organized on the basis of a complete and extended servicing of all cases under their care.
- c. All cards, when completed and ready for filing, should contain all information required on the card, including current data on Maturities, Insurance and Security; and, from the date the card file is set up, a record of every farm visit.

Under "MATURITIES" will be shown the following:

If Delinquent: Date account last became delinquent (last matured maturity date) and the total amount of the delinquency if desired.

If Non-delinquent: Date of next maturity. (Amount may be shown if desired).

Under "INSURANCE" will be shown the policy expiration or assessment date.

3. All other sections (C, D, E, F,):

These sections of the card file will be set up and indexed for immediate operation in connection with

- V. B. 3. current and future activity. Do not make out cards for any cases closed or rejected prior to this date.

C. Operating the File:

1. Area Follow-up as a "Reminder":

Whenever a servicing action is started, which cannot be brought to completion at the moment, or which may require further action or administrative attention; i.e.: one on which it is advisable to maintain some kind of check to insure complete and appropriate action, "follow-up" should be instituted in the following manner:

a. Office Follow-up:

Any action which involves follow-up through the use of a letter or form rather than personal call at the home of the borrower is considered as an "office" follow-up. When such action is initiated, the office clerk should:

- (1) Enter a brief notation on the Client's card describing the form or letter involved.
- (2) Place the area signal over the proper subdivision of position "B".
- (3) File the letter or other material concerned in the client's folder.

The signal in position "B" serves as a reminder of office follow-up. Its position in the weekly breakdown (1 to 5) insures the action being followed up prior to or by the final date if a final date for action is set.

b. Field Follow-up:

Any action which involves follow-up through a field call is considered as a "field" follow-up. When such action is initiated, the office clerk should:

- (1) Enter a brief notation on the Client's card identifying the source material involved (letter, form or memo which initiated the action) and briefly describing the action.

- V. C. 1. b. (2) Place the area signal over the proper subdivision of position "D".
- (3) File the source material in the client's Field Folder.

The signal in position "D" serves as a reminder of an urgent field follow-up. The weekly subdivision permits follow-up prior to or by the final action date if a final action date is set.

c. Completion of Follow-up Servicing:

When service actions as in "a" or "b" are completed, the signal will be returned to position "A" (unless other action is to be scheduled) and all completed actions (listed under "Incomplete Service Actions") erased from the card. Before moving signals from any action position (B-C-D) back to "A", the card should be examined for other possible incomplete actions and to determine if a routine call should be made in the near future.

d. Checking the File for Follow-up:

The signalling of follow-up actions as outlined above permits the file to present at all times a visible summary of actions to be followed up in the future. Position "B" signifies actions which are to be followed up from the office by correspondence. Position "C" and "D" signify actions to be followed up by field calls - "C" actions being routine and not of the "urgent" or "must" nature; "D" actions being "urgent" and of a "must" nature. Follow-up actions are broken down into these types in order to facilitate servicing. Suggested methods of checking for follow-up are as follows:

(1) Office Follow-up:

Position "B" of the area file should be checked every Monday for follow-up on office actions scheduled to be completed during the previous week. On this day the office clerk will check all cards with signals in the previous week subdivision of position B; i.e.: on April 24 all cards with signals in the fourth subdivision of "B" would be checked. Necessary follow-up action would be instituted. This follow-up might involve:

- V. C. 1. d. (1) (a) A letter or form to client or Regional Office.
- (b) A change of follow-up from "office" to "field" in cases where office follow-up has been unproductive.
- (c) Placing of certain cards on the Supervisor's desk for review and decision as to proper future action in cases where future actions are such that the clerk cannot determine the proper follow-up.

Concurrent with checking position "B" for the past week, the clerk should check the past week signals in position "D". Those cards bearing signals indicating field actions scheduled for, but not carried out, during the past week should be placed on the Supervisor's desk. This will serve as a check on urgent follow-up actions which have not been completed in accordance with the original follow-up scheduled.

(2) Field Follow-up:

Positions "C" and "D" of the area card file indicate scheduled servicing through field calls. Position "C" indicates calls of a routine nature; farm visit, check up on records, etc. Position "D" indicates actions which must be carried out, and usually by a certain date.

These should be checked carefully by the county supervisor (or Home Supervisor) before leaving the office for any field trip. Let us presume the county supervisor is making a trip into Area 2 or April 20. In order to determine just what cases are scheduled for urgent action, he would check the cards with red signals in the fourth subdivision of position "D". This would enable him to determine just what calls he must make in Area 2 before the end of the week, and these calls should, if possible, be made a part of the current trip. In addition, if time available for the field call permits, he should check the cards with red signals in the other subdivisions of "D" (subdivision 5 signals would indicate actions which must be done by the following week;

- V. C. 1. d. (2) 1 would indicate actions to be carried out not later than the first week of the coming month, etc.) as well as the red signals in "C" position. This brief check will permit the Supervisor to determine the calls to be made at once in Area 2 as well as the calls to be made in the near future. All Field Folders for Area 2 should be taken into the field on this call, and all possible cases scheduled for service taken care of. In order to eliminate the need of a "list" of the calls which must be made, the Field Folders for these cases can be withdrawn from the Area 2 group and kept separate from the other folders during the field trip.

Upon returning from a trip into the field, the field folders of those cases called upon will be turned over to the office clerk. Notations, farm visit reports, or other information presented by the supervisor, will permit the clerk to make proper revision of the actions scheduled for these clients on the area cards.

2. Area Follow-up as an "organizer":

The Area Follow-up System demonstrates its greatest value as an "organizer", because it makes it possible for the entire county office staff to organize not only routine and supervisory duties, but all urgent matters as well. In order to maintain effective servicing, periodic checks should be made, as follows:

- a. Periodically (about the first of each month) the county supervisor and staff should check through all active cards, both applications pending and active client cards. Application pending cards should be checked for any necessary action. Active client cards should be checked for:

- (1) Date of last farm call.
- (2) Date of next maturity.
- (3) Date of insurance or security expiration.

If any of the above items require a routine call during the current month, the signal should be placed in the "C" position, and a check (✓) mark placed to the right of the item or items needing attention.

- V. C. 2. a. If urgent action is desirable, the signal should be placed in the proper subdivision of the "D" position. If the action can be handled by correspondence with the client, a letter should be written, proper notations made, and the signal placed in the proper subdivision of the "B" position. Whenever a case is signalled for an action and a new activity arises which does not replace the one scheduled, a second signal should be used. In this manner client and applicant work for the coming month can be well organized.
- b. In addition to the general organization of work as outlined above, the area file permits the supervisor (as outlined in V-C-1-d-(2) to easily determine the work to be done in a given area, and signifies whether the work is of an urgent or routine nature. This permits the application of available time to future urgent or routine actions as well as to current urgent actions. Most actions scheduled need not be completed on a certain date, but must be completed by a certain date. The area follow-up "reminds" the supervisor of these actions prior to the day the action becomes an "emergency". This method of follow-up serves to conserve time as well as travel and expense.

3. Examples of Follow-up Servicing:

a. Office Follow-up:

A letter is received from the Regional Office, dated 4/4/39, requesting that the county supervisor collect \$25.00 due in accordance with terms of a partial release issued to client John Doe as of 3/3/39. The county supervisor feels this can be handled by correspondence and that the action should be completed by 4/20/39. A suggested procedure is as follows: upon making his decision, the county supervisor would pencil a notation on the letter "B-4/20" and place the letter on the clerk's desk. The clerk would then forward proper form or letter to John Doe, requesting that he make payment in accordance with terms of the release. (In most cases of this type it is assumed that the clerk can forward proper letters without the necessity of the supervisor dictating individual letters for each action. Past letters are usually available to be used as models, but when necessary, the supervisor will dictate the correspondence rather than place the letter on the clerk's desk for action.) As soon as the letter

- V. C. 3. a. to John Doe is written, the clerk will: (1) withdraw John Doe's area card, (2) place a notation "4/5/39 - Coll. 25.00 - see R.O. let. 4/4/39" under "Incomplete Service Actions", (3) move the signal to subdivision 3 of the "B" position, (4) return the card to the file, (5) attach the R.O. letter to the letter to the client and (6) file both letters in John Doe's case folder.

Thus, when the periodic check is made on the 17th (3rd week check up) the signal indicates follow-up, the card indicates the action scheduled and its source, provided the client has not previously complied with the request. When the action is completed, the card will be cleared of the action as outlined in V-C-1-c.

b. Field Follow-up:

In the above example, we will assume the county supervisor considers a field call should be made on John Doe to collect this payment, not later than 4/15. He would proceed as follows: (1) pencil notation "D-4/15" or "urgent-by 4/15" on the letter and, (2) place same on the clerk's desk. The clerk would, (1) withdraw John Doe's card, (2) pencil notation "4/5 - Coll 25.00 - see R.O. let 4/4/39" on card under "Incomplete Service Actions". (3) move signal to 3rd subdivision of position "D", (4) return card to area card file, and (5) file R.O. letter in John Doe's field folder.

Thus, when the county supervisor next plans a trip into John Doe's area, the signal indicates an urgent action on the case, the field folder contains full information as to the action contemplated.

- c. In cases where no letter or other source material (memo made by clerk when client calls, etc.) is involved, a brief description of the contemplated action should be entered on the card; for example: "4/1/39 - Trouble with hogs", and the signal placed in proper position to indicate the type of call scheduled.

VI. SUGGESTED USES FOR FILE:

The following outline is offered as a guide in the every-day use of the Area Follow-up File:

VI. A. Planning Supervision Calls:

By scheduling anticipated routine calls, as outlined in V-C-2-a, a planned schedule of supervision is set up at the beginning of each month. Even though this plan is not fully carried out, it will serve as a guide to the program of work outlined. As calls are made, the date of each call should be entered in the card, and the signal returned to position 1. All actions scheduled for consideration should be taken up at these calls - routine supervision, collection servicing, etc.

B. Collection Servicing:

The Area File may be used in connection with many of the steps in the Loan Servicing and Collection Procedure described in FSA Instruction 762.1, Paragraph III, and related instructions.

1. When the periodic check of cards is made as outlined in V-C-2-a, all cases having a payment maturing during the current month will be scheduled for either:
 - a. Field call for collection servicing.
 - b. Initiation of "office" servicing as outlined in instruction 762.1, Paragraph III.
2. If it is considered advisable to initiate collection servicing by field call, the following is suggested:
 - a. The signal on the area card of the client will be moved to the proper subdivision of position "D"; i.e.: if the payment matures on 4/1/39, the signal would be placed over subdivision 3 of position "D". This would insure initiation of servicing within 15 days from maturity date, as specified in FSA Instruction 762.1. A check mark will be placed adjacent to the "Maturities-Loan" section of the card to indicate the type of action.
 - b. Upon making the call on the client, a decision as to the proper action will be made:
 - (1) Collection at the time of call, or
 - (2) Recommendation for one of the following actions:
 - (a) Forbearance.
 - (b) Renewal

VI. B. 2. b. (2) (c) Foreclosure

(d) Carrying the account delinquent.

c. If collection is not made, information necessary for the proper execution of servicing forms must be procured, the forms prepared and forwarded to the District and/or Regional Office. This method will permit initiation of proper collection servicing within the prescribed 15 day period. Follow-up on servicing will continue according to type of action initiated.

3. Provided it is considered advisable to initiate collection servicing through procedure as outlined in FSA Instruction 762.1, Paragraph III, (initiation of servicing by correspondence and use of forms 125, 126, etc.) suggested procedure would be as follows:

- a. The signal on the client's card will be moved to the proper subdivision of position "B". (In the example, 2-b above, the signal would be placed over 3. This would call for follow-up within the 15 day period. A check mark will be placed adjacent to "Maturities Loan" to indicate type of action.)
- b. When the check-up is made of the 3rd week follow-ups, the signal will indicate action provided the client has not made payment. Form 125 will be mailed (or other suitable collection letter) and signal advanced to the next follow-up period (4th week in this case).
- c. If the 4th week check up indicates that there still has been no action, Instruction 762.1 provides that the next step is a personal call. The signal will be moved to the appropriate subdivision of position "D".
- d. As each step is taken as outlined above, a brief notation describing the type of servicing will be entered under "Incomplete Servicing Actions" on the card; i.e.: 4/15-125 forwarded. 4/22-No action-personal call. This will provide a summary of the actions until the installment due has been liquidated in some satisfactory manner.

C. Insurance and Security Expirations:

This file will serve as a reminder file on insurance and security expirations, if used as outlined in V-C-2-a.

VI. D. Miscellaneous Follow-up:

Most types of loan servicing can be handled on the Area follow-up card file. Proper use of signals and proper notations on the cards will serve to remind the county office personnel of incomplete actions, regardless of the nature. Examples of such activities are:

1. Payments due from partial releases.
2. Replacement mortgages to be executed.
3. Papers or forms to be signed by client.
4. Release applications to be executed by clients or approved in Regional Office.
5. Urgent calls to be made in connection with securities, insurance, purchases, farm planning, livestock care, etc.

E. Special Reminder of Items or Cases to be Discussed with District, Home or FDA Supervisor, or others:

Proper use of these divisions of the follow-up file will serve as a reminder of matters to be taken up with the various persons listed.

VII. OPERATION OF "DATE" FOLLOW-UP FILE:

The area follow-up card file as outlined above, will serve the major functions of the "date" type of follow-up. By scheduling servicing to be carried out prior to or by the final date, actions should be completed before the final date arrives. As most service actions must be carried out along with other routine work, follow-up by dates, (especially field follow-up) is difficult and usually leads to confusion, inefficient expenditure of time and travel, or postponement of actions. The area card file serves as a follow-up prior to or by the final date, and organizes the field work into urgent or routine items by areas. This eliminates, to a large extent, the inefficiency of actual date follow-up on field servicing.

In conducting a county office, however, certain things will arise which must be done on a definite date---not by a certain date, but on a certain date; i.e.:

Attendance at a District Meeting
Attendance at a Foreclosure Sale
Submission of Quarterly Reports
Submission of Grant Vouchers
Attendance at a group meeting of applicants or clients.

- VII. A desk calendar may be used for items of this type. Desk calendars are in common use to schedule appointments, days for submission of grant vouchers, etc. Full use of a desk calendar will eliminate, in most offices, the need for a date file. The calendar adequately serves this purpose when the area file is used, in that the amount of material listed for definite dates is reduced to a minimum.

SECTION IV

FIELD FOLDERS

I. PURPOSE:

- A. The field folder is a device for carrying into the field information which is vital to the servicing of individual loan cases. The use of a field folder for each active client will eliminate the need for:
1. Duplicate Ledgers for field use.
 2. Binders containing B-34's (Treasury Statements) for all clients.
 3. Security check sheets.
 4. Summary sheets on Farm Plans, farm visits, etc.
 5. Other check and summary sheets devised for field use.
- B. In addition, a field folder for each client will eliminate the dangers incident to the field use of a ledger or binder which contains confidential information on a group of clients. The information for a group of clients is at no time contained in one binder which is carried into the homes of other clients, filling stations, stores, etc. Thus, the possibility of making confidential information on an entire group available for perusal by the overly curious, is, to a great extent, eliminated.
- C. The practical use of field folders will also eliminate considerable clerical work required in the keeping of the various types of summary sheets. Information contained in the field folder will be supplied through the execution of added copies of forms and letters for the most part. Other information will be made available through the use of original correspondence on particular items. This method of obtaining information provides full details for field use without added clerical work.

II. SETTING UP THE FOLDER:

Following are suggestions which will aid in setting up field folders. Copies of all material needed for field use will not be immediately available in all cases. Immediate setting up of all folders on a uniform basis would involve considerable detail in copying of forms, etc. The procedure outlined below will permit folders being set up without this added work and still permit uniformity of content within a reasonable time.

- II. A. A field folder should be set up and labeled for each active case. This will consist of a single file folder, properly labeled as to client's name, address, area and map numbers.
- B. Available extra copies of the following forms should be transferred to the folder:
1. Farm Plan (current or latest).
 2. Home Plan (current or latest).
 3. Mortgage (latest provided it covers all security).
 4. Farm Visit Report, FSA-RR 19 (latest or last few visits, at option of supervisor).
 5. Memorandum Record of Client's Account - FSA-RR 187.
- C. In the absence of extra copies of any of the forms listed in B-1 to B-5, the summary sheets, security check sheets, etc., used for field information in the past, should be transferred to the folder for temporary use. Later, as new farm plans, mortgages, home plans, etc. are executed, an added copy should be made for use in the field folder. These current copies will replace obsolete copies, or summary sheets contained in the folder.

III. CONTENT OF THE FOLDER:

In order that loan servicing, Farm Management, Home Management, and security information be made available in the field, each folder should contain, as a minimum, the forms outlined in II B above, and in addition any other forms, letters, or memos, etc. needed to provide information on current problems to be taken up with a client during a call.

IV. PRACTICAL USES:

The field folder, when set up as outlined above, should serve as the source for all information needed on any individual client during field calls. In order that those folders be used to the best advantage, the following suggestions are offered:

- A. When making a trip into the field, all of the field folders for a given area should be carried. Where the case load is light, folders for more than one area, or for an entire county, may be carried. Thus, field folders will be available, on an emergency or routine call, for as many client calls as time will permit.

- IV. A. (See Section III, "Area Follow-up", for relation of Field Folders to area servicing.)
- B. When calling on a client, only his individual folder should be removed from the car. This eliminates the possibility of leaving confidential information on other clients in the home of the one called on.
- C. The regular forms contained in the folder should serve as a basis for information:
 1. Memorandum Record of Client's Account: Provides correct name, address, case number, suffix, etc., for writing receipts; also provides correct statement of account - amount loaned, repaid, delinquent, still due.
 2. Farm and Home Plans: Provide detailed information as to plans outlined for client; financial statement; estimated income, etc.
 3. Mortgage: Provides an accurate security check sheet; a source of information for execution of partial release applications. Partial releases issued should be shown on the field copy of the mortgage in order that an accurate security list may be available. An item released should be designated - (Rel. 11/10/38) and a line drawn through the item. This eliminates the need for carrying release copies in the field.
 4. Farm Visit Report: Provides a reminder of items planned and discussed at the last call. It can also be used to make notes of items to be taken up at the next call, etc.
 5. Other: Notes on items to be taken up; originals or copies of letters or forms outlining some necessary field action; should be carried in this folder until the action is completed. This eliminates the need for keeping of action summaries, etc. The letter or form serves notice of the action to be taken when the client is called on. As soon as the action is completed, the forms or letters involved should be filed in the office case folder. (See Area Follow-up Guide for relation of Field Folder to area servicing.)
 6. Field folders should be used by both the county and the home supervisors. The one folder should serve to carry all information required by either in the field, as the program of farm management and home

- IV. C. 6. management are necessarily very closely related and the individual making the call will need to know the items discussed and recommended by the other during his last call.
7. The use and content of the field folder may be expanded to suit the needs of each county program. An effort should be made to keep material contained in the folder to the minimum consistent with field needs.

V. OFFICE FILING OF THE FIELD FOLDERS:

Field Folders (especially in counties with heavy loads) should be arranged alphabetically by areas. For example: a county which has been divided into four areas would have the Field Folders divided into four groups as follows:

- Area 1: All Field Folders for clients residing within Area 1, arranged alphabetically.
- Area 2: All Field Folders for clients residing within Area 2, arranged alphabetically.
- Area 3. All Field Folders for clients residing in Area 3, arranged alphabetically.
- Area 4. All Field Folders for clients residing in Area 4, arranged alphabetically.

U. S. DEPT. OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Descriptive Letter
The Rural Rehabilitation Program

Rural Rehabilitation loans are made by the Farm Security Administration. Farmers who receive loans from this agency are required to follow certain practices in regard to their farm and home programs. These are set up to enable the County Supervisor, who is the local representative of the program, to better aid these farmers in working out their farm and home programs.

Rehabilitation loans are not advanced and then the borrower forgotten until pay-day. The County Supervisor makes frequent calls at the farm of each borrower. He assists the farmer in planning his program. A Home Supervisor also calls on the families of borrowers to assist in working out a home program that fits the farm and family. The borrower's success depends upon the carrying out of his program in a businesslike manner. The general provisions of the Rehabilitation program are outlined below:

1. Persons Eligible for Rehabilitation Loans.

Farm Owners, farm tenants, farm laborers, or others with a farm background who, when last employed, obtained the major portion of their livelihood from farming operations, who need assistance and cannot obtain it and any reasonable credit necessary from any other source, are eligible for Rehabilitation loans.

2. Purposes for which Funds can be Loaned.

Funds can be loaned for the purchase of livestock, equipment, seed, feed, fertilizer, and other items necessary for the operation of a farm. Loans can also be made to enter into Community Cooperative enterprises.

3. How Loans are Made.

Loans are made on the basis of sound, balanced Farm and Home Plans. This means that the farmer and the county supervisor, working together, lay out a plan for the coming year. If this plan shows that the farmer should be able to meet his expenses, both farm and home, and has sufficient left over to make necessary loan and debt payments, it is a "balanced" plan.

4. Time Allowed for Repayment of Loans.

The time allowed a borrower to repay his loan is determined

4. by the Farm Plan. The amount repaid each year depends upon the borrower's ability to pay, as shown by the Farm Plan. Repayments for livestock and equipment usually cover a five-year period, one-fifth ($1/5$) of the amount being repaid each year. Loans made to purchase feed, seed and supplies are usually paid back in two years, one-half ($1/2$) each year. Payments can be made by the borrower at any time, even though the loan is not due. Interest is charged at 5% on all unpaid principal.

5. Security on Loans.

The borrower and his wife must sign a note for the amount of the loan. A mortgage is taken on all goods purchased with the funds loaned, and on other personal property as may be required. After the mortgage has been completed, the borrower may not dispose of any livestock, livestock increase (calves, pigs, lambs, etc.), equipment or crops covered by the mortgage, without first receiving the permission of the County Supervisor. This permission to sell any mortgaged property is usually required by State law.

6. Records kept by the Borrower.

Each borrower must keep an accurate record of his income and expenses. Record books are provided for the purpose and the book is checked at intervals by the County or Home Supervisor. This record helps the farmer and the County Supervisor to better plan their future program.

7. What Supervision is.

Supervision means that the County Supervisor (and the Home Supervisor) keep in constant contact with the borrower and his family in an effort to help him work out his program successfully. The County Supervisor consults with him on his farming problems, assists him in getting information on better farming practices, and helps him plan crop and livestock programs. The Home Supervisor works with the borrower and his family in planning gardens, food storage and canning programs, and assists in solving other home problems which may come up from time to time.

8. How Applications are Handled.

All applications are reviewed by the County Supervisor. Provided the applicant is eligible, references are obtained and a personal investigation made of the applicant as to his honesty, ability, thrift and need. On the basis of this investigation, a report is sent to the County Advisory Committee. If the Committee approves

8. the application, the applicant is notified and his loan papers worked out as soon as possible. The farm plans are reviewed by a District Supervisor and are then forwarded to the Regional office for final approval or rejection of the loan. There is no charge for making an application. Provided a loan is made, the borrower must pay for recording mortgages, assignments, abstracts, etc., executed during the period of the loan.

9. How Funds are Expended:

Funds are loaned on the basis of a "Loan Agreement", which provides a definite list of goods to be purchased. Loan checks usually are deposited in a bank account in the borrower's name. All checks written must be countersigned by the County Supervisor (shows title), and a receipt or Bill of Sale obtained as evidence of the item purchased. No goods, other than those listed on the Loan Agreement, may be purchased without the consent of the County Supervisor.

10. Insurance Requirements:

For his own protection, as well as the government's, each borrower may be required and always is urged to carry adequate Fire Insurance on all personal property.

FARM INVENTORY SHEET

[illegible]

FARM PROPERTY

FARM PROPERTY
Acres of Crop Land Acres Pasture Acres Waste Farm Value (if owned)\$ _____

MACHINERY AND EQUIPMENT

NO.	KIND OF MANUFACTURER	Size	Type	SERIAL or MOTOR NO.	CONDITION	YEAR	VALUE	(Do not use
	Tractor & Tract. Equip.						\$	
	Truck							
	Auto							
	Engines							
	Walking or Riding Plow							
	Horse Disc							
	Spring Drag							
	Spike Drag							
	Roller							
	Corn Planter							
	Grain Drill							
	1. H. Cultivator							
	2. H. Cultivator							
	Corn Binder							
	Grain Binder							
	Mower							
	Rake(Dump or Side)							
	Loader							
	Wagons							
	Sled							
	Ensilage Cutter							
	Crop Sprayer or Duster							
	Incubator							
	Brooder Stove							
	Cream Separator							
	Double Harness							
	Single "							
	Manure Spreader							
	Milk Cans & Pails							
	Milk Cooler							

TOTAL VALUE ALL TOOLS AND MACHINERY -

五

(a) HORSES (or other work animals)

[illegible]

TOTAL VALUE OF ALL WORK ANIMALS-		\$
----------------------------------	--	----

(b) COWS AND HEIFERS:

[illegible]

(c) YOUNG CATTLE (Bulls, Heifers, Steers, Calves, etc.)

No.	Kind	Breed	Color	Ear Tag No	Av.Wt.	Age	Value
							\$
TOTAL VALUE ALL YOUNG CATTLE -							\$

(d) BROOD SOWS:

Number	Breed	Color	Wt.	Age	Value
OTHER HOGS:					\$
					\$
					\$
TOTAL VALUE ALL HOGS					\$

(e) ~~SECRET~~

(e) SHEEP	NUMBER	Breed	Value each	Total
Ewes			\$	\$
Rams			\$	\$
Lambs				
TOTAL VALUE ALL SHEEP -				\$

(f) POULTRY

(f) POULTRY	Number	Breed	Value each	Total
Hens			\$	\$
Pullets				
TOTAL VALUE ALL POULTRY --				\$

(g) FEED, SEED, GROWING CROPS (List all harvested and growing crops)

Kind	Amount	Value
		\$
TOTAL VALUE ALL CROPS		\$

3-1-40

Page 3

OTHER PROPERTY WE OWN:

KIND OF PROPERTY:	VALUE	Do not use
Cash on hand	\$	
Cash in Banks (checking or savings account)		
Cash Value of Life Insurance		
Household goods		
Food on Hand (canned and stored foods)		

AMOUNT OTHERS OWE US:

(State whether note or open account)

NAME:

	\$	

OTHER PROPERTY:

KIND

	\$	
TOTAL VALUE (This Page)	\$	

Insurance carried on Farm Buildings : Fire \$ Wind \$

Insurance carried on livestock, tools, machinery: Fire \$ Wind \$

Is the above insurance now in force (yes or no)

DEBTS WE OWE AS OF THIS DATE

SECURED DEBTS (Debts secured by Mortgages, Title Notes, etc.)

To whom debt is owed	Goods given as security	Date Due	Intr. Rate	Amount Unpaid	Original Amt. Owed
				\$	\$
Past due Taxes					XXXX
Past due Interest					XXXX
Past due cash rent					
TOTAL:				\$	\$

UNSECURED DEBTS (Notes; Grocery, Feed and Supply Bills, etc.)

[illegible]

I CERTIFY that, to the best of my/our knowledge, the above is a true statement of the goods I/we own and the debts I/we owe as of this date.

Signed:

Applicant

Wife

INFORMATION REQUESTED OF ALL PERSONS ANSWERING THIS REFERENCE LETTER

1. How long have you known the applicant? _____
2. What has your relationship to him been: Employer _____, landlord _____,
business _____, neighbor _____, friend _____, relative _____

Remarks: _____

3. What is your opinion of this man and his family with regard to the following:

Meeting obligations _____
Industry _____
Honesty _____
Sobriety _____
Cooperativeness as a neighbor _____

4. What do you know of his past record as a farmer? _____

5. What can you say of the applicant's wife and family? _____

6. What active participation have the applicant and his wife taken in the local community? _____

7. Do you think this family would benefit by the assistance of the Farm Security Administration Program as stated on the reverse side of this sheet? _____

8. Other remarks: _____

Signature of person answering reference letter _____

Occupation (or title) of person answering reference letter _____

TO BE ANSWERED BY LANDLORD ONLY

1. How long has applicant resided on your property as a tenant? _____
2. To what extent has he met rental obligations? _____
3. What kind of care has he taken of your property? _____

4. Comment on methods of farming used by applicant _____
5. Remarks: _____

Signature of Landlord _____

FARM SECURITY ADMINISTRATION
RURAL REHABILITATION DIVISION
Washington, D. C.

REJECTION OF CASE

After detailed study and careful consideration, the case of

(Name)

(Address)

referred by _____ on _____ 194

to the _____ county or district Rural Rehabilitation office

was found not acceptable as a Rural Rehabilitation client by the Farm
Security Administration as of _____ 194 , because it
has been found possible to develop a balanced farm-and-home management plan
for the client.

Date _____ 194

Rural Rehabilitation Supervisor.

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3-1-40

U. S. DEPT. OF AGRICULTURE
FARM SECURITY ADMINISTRATION

NOTICE OF APPOINTMENT

Application Number

Name	Address
------	---------

This is to notify you that I will call at your home on _____ (Day)
_____, _____, at _____, in order to
(Month) (Date) (Time)

complete the Farm and Home Plans necessary in connection with your application for a Rural Rehabilitation Loan. It will be necessary that both you and your wife be present and your livestock and equipment be available for inspection at that time in order to complete these forms. I also suggest that you fill in the crop schedule at the bottom of this form. This will show your anticipated crop plans for the coming year. Try to plan out sufficient acres of hay and grain to feed all your livestock; sufficient garden to meet your family needs; and cash crops for cash income. I will go over this plan with you when I call.

Yours very truly,

Date:

County RR Supervisor

CROP SCHEDULE

Name of Crop	Acres to be Grown	Estimated Yield Per Acre	Total Yield	Amount of My Share

(Show hay crops, grain crops, garden, cash crops, etc.)

U. S. DEPT. OF AGRICULTURE
FARM SECURITY ADMINISTRATION

NOTICE OF LOAN APPROVAL

Name _____

Date: _____

This is to notify you that your application for a Rural Rehabilitation Loan has been approved. The check is in our office to be signed and deposited in the bank. When you call to do this, it will be necessary that you bring your wife with you in order that we may complete a mortgage and other necessary papers in connection with your Loan.

You may now proceed to locate and make arrangements to purchase the goods listed on the back of your Loan Agreement. We will give you further information in regard to making purchases when you call to deposit your loan check. This should be done as soon as possible as we must complete the expenditure of your Loan by _____.

Very truly yours,

County RR Supervisor

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Security Administration

STATEMENT OF LIVESTOCK PURCHASE

NAME _____ ITEM TO BE PURCHASED _____

I. STATEMENT OF SELLER:

I, _____ of the city of _____
in the county of _____, State of _____, having on this
_____ day of _____, 194____, agreed to sell to _____

_____, the following described property (Give age,
weight, breed, sex, color and markings; show ear tag nos. and date bred if
milch cow)

for the sum of \$ _____, do hereby guarantee the above property to be
serviceably sound, to possess, to the best of my knowledge, no physical
defects or unfavorable traits except: _____

(If item sold is milch cow, state whether Bangs tested or not)

If the above property is not found to be as represented within _____ days
from this date, same will be reclaimed by me without charge upon notice from
the buyer, provided further, that same has suffered no unusual depreciation
due to conditions within the control of the buyer.

I hereby certify that I have clear title to the above property, and
that same is free from liens or encumbrances of any kind.

Date _____ Signed _____ Witnessed by _____
(Seller) (Buyer)

II. STATEMENT OF VETERINARY OR OTHER INDIVIDUAL EXAMINING PROPERTY:

I hereby certify that I have examined the above property and find same to
be as follows:

Date _____ Signed _____ Title _____
(Veterinary, etc.)

Date Paid _____ Check No. _____ Amount \$ _____

FRONT

BACK

[illegible]

